Chapter 7 - Analyzing Business Markets

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What is Organizational Buying?

Organizational buying refers to the decision-making process by which formal organizations establish the need for purchased products and services, and identify, evaluate, and choose among alternative brands and suppliers.
Top Business Marketing Challenges

- Expand understanding of customer needs
- Compete globally as China and India reshape markets
- Master analytical tools and improve quantitative skills
- Reinstate innovation as an engine of growth
- Create new organizational models and linkages
Characteristics of Business Markets

- Fewer, larger buyers
- Close supplier-customer relationships
- Professional purchasing
- Many buying influences
- Multiple sales calls
- Derived demand
- Inelastic demand
- Fluctuating demand
- Geographically concentrated buyers
- Direct purchasing
Buying Situation

- Straight rebuy
- Modified rebuy
- New task
The Buying Center

- Initiators
- Users
- Influencers
- Deciders
- Approvers
- Buyers
- Gatekeepers
Sales Strategies

Small Sellers

Key Buying Influencers

Large Sellers

Multilevel In-depth Selling
Stages in the Buying Process

- Problem recognition
- General need description
- Product specification
- Supplier search
- Proposal solicitation
- Supplier selection
- Order-routine specification
- Performance review
# Buygrid Framework

<table>
<thead>
<tr>
<th>BUYPHASES</th>
<th>New Task</th>
<th>Modified Rebuy</th>
<th>Straight Rebuy</th>
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<tbody>
<tr>
<td>1. Problem recognition</td>
<td>Yes</td>
<td>Maybe</td>
<td>No</td>
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<tr>
<td>2. General need description</td>
<td>Yes</td>
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<tr>
<td>8. Performance review</td>
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Forms of Electronic Marketplaces

- Catalog sites
- Vertical markets
- Pure play auction sites
- Spot markets
- Private exchanges
- Barter markets
- Buying alliances
Methods of e-Procurement

- Direct extranet links to major suppliers
- Buying alliances
- Company buying sites
Handling Price-Oriented Customers

- Limit quantity purchased
- Allow no refunds
- Make no adjustments
- Provide no services
Methods for Researching Customer Value

- Internal engineering assessment
- Field value-in-use assessment
- Focus-group value assessment
- Direct survey questions
- Conjoint analysis
- Benchmarks
- Compositional approach
- Importance ratings
Order Routine Specification

- Stockless purchase plans
- Vendor-managed inventory
- Continuous replenishment
Establishing Corporate Trust and Credibility

- Expertise
- Trustworthiness
- Likeability
Trust Dimensions

- Transparent
- Product/Service Quality
- Incentive
- Partnering
- Cooperating Design
- Product Comparison
- Supply Chain
- Pervasive Advocacy
Factors Affecting Buyer-Supplier Relationships

- Availability of alternatives
- Importance of supply
- Complexity of supply
- Supply market dynamism
Categories of Buyer-Seller Relationships

- Basic buying and selling
- Bare bones
- Contractual transaction
- Customer supply
- Cooperative systems
- Collaborative
- Mutually adaptive
- Customer is king
What is Opportunism?

**Opportunism** is some form of cheating or undersupply relative to an implicit or explicit contract.
Marketing Debate

✓ how different is B-to-B marketing?

Take a position:
1. Business-to-business marketing requires a special, unique set of marketing concepts and principles.

or

2. Business-to-business marketing is really not that different and the basic marketing principles apply.